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Interactive: Buyer Power Keeps Firms On Their Toes

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High prices have nowhere to hide on the Net. Not my words, but those of an internet-savvy speech writer, delivered by a politician at the recent CBI conference held in Birmingham.

Those words are profound and set me thinking about how online shopping is going to change how we spend our money. But more importantly about how a gale of online price and service competition is going to cause severe storm damage to a lot of large businesses. Online price comparison will finally put paid to 'rip-off Britain'.

Before this week's column turns into yet another hymn of praise to e-commerce, let me just take a small detour to view some of online shopping's black spots. In the rush to go online, some glitches are starting to appear. Argos' pounds 299 TVs appearing online for pounds 2.99 and Egg issuing credit card numbers in unprotected emails are two very publicised glitches.

But there are many more examples of poor design, particularly those sites which ask for multiple screens of information about you before you can make a purchase or sign up for a service, those sites that don't answer emails, and even those which do not have a customer service to contact when something goes wrong. But doesn't that just mirror real life anyway?

There are some businesses you just won't go back to because of poor service, poor product quality or rip-off prices, and there are some which have you hooked because they're just consistently good all round.

Back to the point. The promise of the internet is that price comparison becomes easier and easier until it becomes automatic and real-time. Once that happens sellers cannot profit from imperfect information on the part of the buyer - everyone will have access to perfect information about price. Power passes to the buyer, that's us, the consumer.

Everyone trying to sell to us will have to work extremely hard to get and keep our business.

Radical (and rich!) internet business thinker and venture capitalist Esther Dyson even goes so far as to say: 'The internet delivers the promise of the communists, it delivers the means of production to individuals.'

Hype, you might be tempted to think.

Consider how a new web-based service launched last week called barpoint.com is already bringing this about. Barpoint.com is making use of a decades-old technology that we all take for granted: barcodes.

By typing in the unique bar code number for a product, known as the UPC (Universal Product Code) consumers can search very accurately for what is online. Already Barpoint has between 20 and 30 million UPCs in its database out of the 100 million that have been generated over the past 25 years. Barpoint has concentrated on music and books and is busy adding groceries, clothes, toys, furniture and vehicles.

Typing in bar codes is pretty primitive, so Barpoint is offering a bar code scanner and software for wireless versions of Palmpilot PDAs to allow you to scan barcodes on store shelves. Next year, they'll offer the same for net-enabled mobile phones and pagers. You'll be able to have real-time price comparison services as you shop - no more wasting money and time because the seller relies on the effort you need to make being too great to price compare.

How will Barpoint make money? Targeted advertising through data mining: if you're researching a UPC, a competitor will pay for access to you with a rival offer, either a competing product or a better price. You will be able to enter UPCs into a personalised service known as mybarpoint so that emails can be sent to you about offers and developments (such as product recalls) on that UPC.

This environment is moving faster than you think it is!

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